

## Differences Between LIHTC & FHAP

LIHTC	FHAP	Both Programs Combined
55 year compliance period.  [TCAC Section 10337(c), IRC Section 42 (m), and IRC Section 42(h)(6)(D)].	30 year compliance period.  [HSC Section 50199.50(b), RTC Sections 17058(c)(4)(C), and 23608.2(f)(1)]	Starting with year 31, FHAP would discontinue and LIHTC program would continue.
Determines tax credits based on Eligible Basis.  [IRC Section 42(d)(1)]	Determines tax credits based on Eligible Costs.  [HSC Section 50199.50(c) and RTC Section 23608.2(b)]	Would need to determine tax credits on each program separately.
Limits housing to conventionally constructed units and manufactured housing.  [IRC Section 168(2)(A)]	Does not limit housing to conventionally constructed units and manufactured housing.  [HSC Section 50199.50(d)]	FHAP units must be conventionally constructed units and manufactured housing.
9% Program has Housing Types (Large Family, Single Room Occupancy, “At- Risk,” Special Needs, and Seniors).  [TCAC Section 10315(i)]  4% Program does not have Housing Types.	Limited to farmworkers.  [HSC Section 50199.52(b)(1)]	9% Program would have to add “farmworker” to the Housing Types in order for the FHAP program to be combined. 4% program could be combined with FHAP.
Prohibits dormitory housing or the restriction of occupancy by sex.  (Federal provisions)	Allows dormitory housing and the restriction of occupancy by sex.  [HSC 50199.52(b)(2)]	FHAP could not have dormitory type housing.

<b>LIHTC</b>	<b>FWHAP</b>	<b>Both Programs Combined</b>
Does not allow an owner to demonstrate that there is no further need, or the project is no longer “economically feasible” to operate low-income housing and pay a pro rata portion of the credit back.  (IRC 42)	Allows an owner to demonstrate that there is no further need, or it is no longer “economically feasible” to operate farmworker housing and pay a pro rata portion of the credit back.  (HSC 50199.54)	FWHAP could be demonstrated to have no further need, but the LIHTC Program would need to stay in place.
Low-rent housing program.  (IRS Section 42)	Not a low-rent housing program.  [HSC Section 50199.58(a)]	FWHAP must restrict the rents to LIHTC guidelines.
Issues tax credits on only occupied housing units.  (IRS Section 42)	Issues tax credits on vacant or occupied housing units.	FWHAP could only receive tax credits on occupied housing.
Tax credits are only allowed if the taxpayer constructs or rehabilitates the property subject to the covenants, conditions, and restrictions imposed by LIHTC.	Tax credits are only allowed if the taxpayer constructs or rehabilitates the property subject to the covenants, conditions, and restrictions imposed by FWHAP.	Would either have to combine both programs or separately issue tax credits based on each program.
Defines several “disqualifying events” and the penalties for those events regarding compliance as well as TCAC Regulations.  (IRS Section 42)	Defines only two “disqualifying events” and the penalties for those events.  [RTC Section 17053.14(k)(1)]	Would either have to combine all “disqualifying events” to use in both programs or keep the programs separate.
Issues tax credits to only the owner/applicant.  (IRS Section 42)	Allows a credit against the “tax” for a bank or financial corporation.  [RTC Section 23608.3(a)]	Would need to determine tax credits on each program separately.